

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01

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FM AMEMBASSY BRAZZAVILLE

TO SECSTATE WASHDC 058

INFO AMEMBASSY PARIS

C O N F I D E N T I A L BRAZZAVILLE 068

E.O. 11652: GDS

TAGS: ENRG, CF, US, FR

SUBJECT: PETROLEUM DEVELOPMENTS IN CONGO

1. SUMMARY: WHILE GOCB AS A WHOLE WANTS VERY MUCH TO ENCOURAGE AMERICAN PETROLEUM INVESTMENT IN CONGO, AGREEMENT HAS NOT BEEN REACHED ON SPECIFIC PARTIES WITH WHOM CONGOLESE WILL SIGN. END SUMMARY.

2. FOLLOWING IS STATE OF PLAY OF ONGOING AMERICAN DISCUSSIONS WITH CONGOLESE CONCERNING PETROLEUM EXPLORATION AND EXPLOITATION:

2. GETTY: SEACAP EXPLORATION SHIP, OPERATED BY GETTY, BUT UNDER CONTRACT TO GETTY AGIP, HISPANICA DE PETROLEOS AND PHILLIPS, WILL BEGIN DRILLING OFFSHORE POINTE-NOIRE IN JANUARY. IN CONVERSATION WITH CHARGE, GETTY REP BLACKSHEAR TOLD US THAT OFFSHORE DRILLING WILL BE DEEPEST EVER UNDERTAKEN, AT SOME 4100 FEET. BLACKSHEAR SAID GETTY WAS VERY HOPEFUL ON THIS EFFORT, DEROGATING COMPARATIVE PROFITABILITY OF ELF OPERATION AT EMERAUDE, AND AGIP WORK AT LOANGO. GETTY AGREEMENT IS UNIVERSALLY APPRECIATED BY CONGOLESE.

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3. COASTAL STATUS: CHARGE MET WITH COSTAL STATES' CHAIRMAN, WYATT, NOV. 30. ALTHOUGH CONGOLESE ARE EXTREMELY HOPEFUL THAT COASTAL STATES WILL BECOME INVOLVED IN OPERATING THEIR REFINERY AT POINTE-NOIRE, WYATT GAVE IMPRESSION THAT A LOT MORE PIECES NEEDED TO BE FIT TOGETHER BEFORE AGREEMENT IS REACHED. ENERGY MINISTER ADADA HAS TOLD CHARGE OF GHASTLY ERRORS IN PLANNING REFINERY WHICH, WITH 20,000 BARRELS A DAY CABACITY, WILL END UP

COSTING \$120 MILLION, AN OVERRUN OF \$90 MILLION BEYOND THAT INITIALLY PROJECTED. ADADA HAS CONFIRMED WYATT ESTIMATE THAT AMORTIZATION OF THE REFINERY WILL TAKE AT LEAST 7 1/2 YEARS, AND COULD RUN UP TO 15. THERE SEEMS TO BE TWO STUMBLING BLOCKS: CONGOLESE WANT WYATT TO REWORK REFINERY BUT ARE LESS KEEN ON COMMITTING THEIR FUTURE PRODUCTION TO HIM AS HE WOULD LIKE, AND SECONDLY, WHILE CONGOLESE WOULD LIKE GULF TO WORK ON EXPLOITATION SIDE WITH COASTAL STATES, WYATT--WHO APTLY DESCRIBES HIMSELF AS SOMEWHAT ULTRA CONSERVATIVE POLITICALLY--DOES NOT WANT TO WORK WITH GULF BECAUSE, HE SAYS, OF THEIR INVOLVEMENT IN CABINDA. (WE SUSPECT THERE ARE OTHER REASONS AS WELL.)

4. GULF: US PERMANENT RESIDENT PRONK (NETHERLANDS), AND ADVISOR TO STATE PETROLEUM ENTERPRISE, HYDRO-CONGO, LEFT CONGO DEC. 11 TO DISCUSS WITH GULF IN LONDON ON-SHORE POSSIBILITIES. ADADA IS VERY OPTIMISTIC.

5. GLOBAL PETRO-CHEMICAL(WHITEFORD): ALTHOUGH WHITEFORD'S CHEMISTRY APPEALS TO THAT OF TOP CONGOLESE LEADERSHIP, HE DID NOT GET ALONG AT ALL WITH ADADA, WHO FELT THAT GUARANTEEING WHITEFORD 10 PERCENT OF WHATEVER PROFITS MAY ACCRUE FROM ARRANGEMENTS HE REACHED, WAS FRIVOLOUS. NOR DID ADADA PARTICULARLY LIKE PROSPECT OF UPSETTING FRENCH, WHICH WHITEFORD CLEARLY HOPED TO DO. WE UNDERSTAND FROM PRONK THAT ELF, IN FACT, WOULD WELCOME SELLING OFF 35 PERCENT OF EMERAUDE UNDERTAKING BUT, FOR WHATEVER REASON, ADADA DOES NOT WANT
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WHITEFORD IN THAT OPERATION.

6. TRANSOCEANIC: HERE IS THE REAL RUB : DESPITE ALL INFORMATION WHICH WE, AND FROM SEPARATE INQUIRIES, PRONK AND PRESIDENTIAL ADVISOR EKONDY, HAVE PROVIDED, PRESIDENT YHOMBY-OPANGO HAS APPROVED DISPATCH THIS WEEK OF ADADA AND FOREIGN MINISTER OBENGA TO SALT LAKE CITY. THERE, TRANSOCEANIC LITERALLY HAS TOLD CONGOLESE THAT IT WILL "SHOW THEM" THE \$300 MILLION IN GREEN WHICH TRANSOCEANIC HAS OFFERED GOCB AS GUARANTEE. PRESIDENT IS WELL AWARE OF OUR RESERVATIONS AND OUR ADVICE. SUGGEST DEPARTMENT ALSO DISCUSS OUR RESERVATIONS WITH UN PERMANENT REP MONDJO, WHO HAS BEEN KEY INTERLOCUTOR IN TRANSOCEANIC PROPOSAL.

7. COMMENT: ALL ABOVE COMPANIES REMAIN VERY MUCH IN PLAY. WITHIN CONGOLESE GOVERNMENT THERE REMAINS A FUNDAMENTAL DIFFERENCE IN PHILOSOPHY CONCERNING PETROLEUM EXPLORATION, A DIFFERENCE WHICH HAS YET TO BE RESOLVED. IT CENTERS AROUND WHETHER IT IS PROFITABLE FOR ONE OF THE "GIANTS" TO BE GIVEN EXCLUSIVE EXPLORATION RIGHTS FOR A LARGE FIELD, AS HAS BEEN THE CASE WITH ELF AND AGIP, OR WHETHER THE CONGOLESE ARE BETTER OFF ENCOURAGING SMALLER COMPANIES TO "POKE A LOT OF HOLES", AS HAS BEEN THE CASE IN THE NORTH SEA. WE WILL CONTINUE

TO FOLLOW UP ON THESE NEGOTIATIONS AND REPORT AS THEY PROCEED.
THESE DEVELOPMENTS, BY THE WAY, TAKE PLACE AT THE SAME TIME THE
GOCB IS SACKING CONGOLESE OFFICIALS RESPONSIBLE FOR ENERGY
NEGOTIATIONS, INCLUDING, MOST RECENTLY, THE HYDRO-CONGO
DIRECTOR HIMSELF, WHO HAS BEEN IMPRISONED FOR "ECONOMIC SABOTAGE."

8. SINCE DRAFTING THE ABOVE, WE HAVE LEARNED THAT NEIGHER ADADA
NOR OBENGA NOW WILL BE TRAVELING TO US FOR TRANSOCEANIC TALKS.
RATHER, PRESIDENT YHOMBY-OPANGO SINCE HAS DELEGATED POLITICAL
ADVISOR EKONDY AND SYG OF MINISTRY OF FINANCE TO VISIT US" THIS
MONTH. EKONDY, WHO IS WELL AWARE OF TRANSOCEANIC'S CREDENTIALS,
OR LACK THEREOF, IS WORKING HARD TO AVOID TRIP, FEARING OTHERS
ARE TRYING TO SQUEEZE HIM INTO AWKWARD POSITION
WHILE AVOIDING RESPONSIBILITY THEMSELVES. I INTEND TO ASK FOR
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ANOTHER APPOINTMENT WITH PRESIDENT, INTER ALIA, TO REITERATE
MY CONCERN OVER TRANSOCEANIC. I WILL NOT BE AT ALL UNETHICAL,
BUT FROM INFORMATION THAT DEPARTMENT AND LONDON HAVE SUPPLIED,
THEY REALLY LOOK LIKE A BUMMER.
KATZEN

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